

§ 351.4

31 CFR Ch. II (7–1–04 Edition)

Principal amount means the amount of the original investment. Principal amount does not include any interest earned.

Redemption of a book-entry Series EE savings bond refers to payment of principal and accrued interest on the bond at final maturity, or, at the option of the owner, prior to final maturity. The owner of a book-entry savings bond held in New Treasury Direct may redeem all principal and interest or a portion of the principal and the proportionate amount of interest.

Redemption of a definitive Series EE savings bond refers to the payment of principal and accrued interest when the owner presents the bond for payment.

Redemption value means principal plus accrued interest of a Series EE savings bond, as of the date of potential or actual redemption. In the case of a book-entry Series EE savings bond, it also refers to a portion of the principal amount plus a proportionate amount of accrued interest of a bond, as of the date of potential or actual redemption.

Registration of a book-entry Series EE savings bond means that the name and taxpayer identification number (TIN) of all registrants are maintained on our records for a book-entry bond.

Registration of a definitive Series EE savings bond means that the name and TIN of the owner, first-named coowner, or purchaser of a gift bond are imprinted on the face of the bond.

Secondary owner means the second individual named in the registration of a book-entry bond held in New Treasury Direct registered “John Doe SSN 123-45-6789 with Joseph Doe SSN 987-65-4321.” In this example, Joseph Doe is the secondary owner.

Semiannual rate periods or *semiannual earnings periods* are the six-month periods beginning on the issue date and on each semiannual anniversary of the issue date to final maturity.

Series EE savings bond is an accrual-type savings bond, offered at a discount, either in definitive (paper) form or in book-entry form, that pays interest on the principal based on rates determined by Treasury.

Single owner means the person named in the registration of a savings bond

without a coowner, beneficiary or secondary owner.

Taxpayer identification number (TIN) means the identifying number required on tax returns and other documents submitted to the Internal Revenue Service; for example, an individual's social security account number (SSN) or an employer identification number (EIN). A SSN is composed of nine digits separated by two hyphens, for example, 123-45-6789. An EIN is composed of nine digits separated by one hyphen, for example, 12-3456789. The hyphens are an essential part of the numbers.

We, us, or our refers to the agency, the Bureau of the Public Debt. The term extends to the Secretary of the Treasury and the Secretary's delegates at the Treasury Department and Bureau of the Public Debt. The term also extends to any fiscal or financial agent we designate to act on behalf of the United States.

You or your refers to an owner of a Series EE savings bond.

§ 351.4 In what form are Series EE savings bonds issued?

Series EE savings bonds are issued in either book-entry or definitive form.

Subpart B—Maturities, Redemption Values, and Investment Yields of Series EE Savings Bonds

GENERAL PROVISIONS

§ 351.5 What is the maturity period of a Series EE savings bond?

Series EE savings bonds have a total maturity period of 30 years from the issue date, consisting of an original maturity period and one or two periods of extended maturity, which vary depending on the issue date of the bond. The interest on an outstanding bond ceases to accrue 30 years after its issue date.

§ 351.6 When may I redeem my Series EE savings bond?

(a) *Bonds with issue dates on or before January 1, 2003.* You may redeem your Series EE savings bond at any time beginning six months after its issue date.

(b) *Bonds with issue dates on or after February 1, 2003.* You may redeem your

Series EE savings bond at any time beginning twelve months after its issue date.

§ 351.7 May Series EE savings bonds be called for redemption prior to final maturity?

The Secretary of the Treasury may not call Series EE bonds for redemption prior to final maturity.

§ 351.8 When is interest payable on Series EE savings bonds?

Interest on a bond accrues and becomes part of the redemption value. Interest earnings are payable upon redemption.

§ 351.9 When will I receive the redemption value of my Series EE savings bonds?

(a) You will be paid the redemption value of your definitive bond when you surrender the bond for payment as provided in these regulations and in 31 CFR part 353.

(b) You will be paid the redemption value of your book-entry bond when it reaches final maturity, if you have not redeemed the bond previously.

§ 351.10 What do I need to know about market yields, or market bid yields, to understand redemption value calculations in this subpart?

We use market yields, or market bid yields, derived from Treasury bills, notes, and bonds, to create a yield curve based on the most actively traded Treasury securities. This curve relates the yield on a security to its time to maturity. Yields at particular points on the curve are referred to as "constant maturity yields" and are determined by the Treasury from this daily yield curve. Six-month and 5-year Treasury securities rates are derived from these yield curves.

§ 351.11 What do I need to know about the short-term savings bond rate, to understand redemption value calculations in this subpart?

We determine this rate by compiling 6-month Treasury securities rates as of the close of business for each day of the previous three months and calculating the monthly average for each month, rounding each monthly average to the nearest one-hundredth of one percent.

We then determine the short-term savings bond rate by taking 85 percent of the three-month average and rounding the result to the nearest one-hundredth of one percent. For bonds entitled to interest accruals at the short-term savings bond rate, that rate applies to the bond's first full semiannual interest accrual period following each announcement of the rate.

§ 351.12 What do I need to know about the long-term savings bond rate, to understand redemption value calculations in this subpart?

We determine this rate by compiling 5-year Treasury securities rates as of the close of business for each day of the previous six months and calculating the monthly average for each month, rounding each monthly average to the nearest one-hundredth of one percent. We then determine the long-term savings bond rate by taking 85 percent of the 6-month average and rounding the result to the nearest one-hundredth of one percent. For bonds entitled to interest accruals at the long-term savings bond rate, that rate applies to the bond's first full semiannual interest accrual period following each announcement of the rate.

§ 351.13 What do I need to know about the savings bond rate to understand redemption value calculations in this subpart?

We determine the savings bond rate by compiling 5-year Treasury securities yields as of the close of business for each day of the previous six months and calculating the monthly average to the nearest one-hundredth of one percent. We then determine the savings bonds rate by taking 90 percent of the 6-month average and rounding the result to the nearest one-hundredth of one percent.

§ 351.14 When are rate announcements that apply to Series EE savings bonds announced?

(a) The Secretary will furnish rates that apply to Series EE savings bonds in announcements published each May 1 and November 1.

(b) If the regularly scheduled date for the announcement is a day when we are not open for business, then the Secretary will make the announcement on